

SUPPLEMENTAL MATERIALS

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-G (8)

Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed amendments to Chapter 22, Subchapter M, Sections 22.254-22.257, 22.260, and 22.262 of Board rules, concerning the Texas Educational Opportunity Grant Program

RECOMMENDATION: Approval

Background Information:

The amendment to Chapter 22, Subchapter M, Section 22.254 adds a definition for the "average statewide amount of tuition and required fees," which serves as the basis for calculating the Texas Educational Opportunity Grant (TEOG) Program maximum award amount. The definition is added to provide clarity for current award calculation practices as recommended in the May 2017 internal auditor's Report No. THECB-IA-WP-17-192.

The amendment to Section 22.257 removes "for Students Awarded Grants on or After September 1, 2005" from the title, as this distinction is no longer relevant. The new title, "Hardship Provisions", indicates that the provisions apply to all students receiving TEOG. The reference to the previous title in subsections 22.257 (a) and 22.256 (c)(4) has been updated to reflect this same change.

The amendments to Section 22.260 clarify the provisions relating to determination of the maximum award amount, and strike language prohibiting institutions from decreasing grant amounts to award grants to more students. The statute allows institutions to make initial awards below the maximum amount per student, provided they use other available sources of financial aid, other than a loan or Pell grant, to cover any difference between the amount of a TEOG award and the student's actual amount of tuition and required fees.

Subsections (e) and (f) have been combined to indicate that the proration schedule for a student having a low balance of "eligible hours" or a low balance of "attempted hours" are identical: 100% of the maximum award if the balance of hours equals 12 or more; 75% if the balance of hours equals 9-11; 50% if the balance equals 6-8; and 25% if the balance equals fewer than 6 hours. Stand-alone subsection (f) has been deleted.

Section 22.262 (a) is amended to delete language pertaining only to allocations for FY 2015. Similarly, subsection (b)(3) has been stricken, as this provision expired at the end of FY 2017.

Dr. Charles W. Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, will be available to answer questions.

Date approved by the Commissioner for publication in the Texas Register: October 9, 2017.

Date published in the Texas Register: October 20, 2017.

The 30-day comment period with the Texas Register ended on November 20, 2017.

No comments were received. However staff has made the following corrections to the Board rules to align with Texas Education Code Section, 61.003.

Subparagraph 22.254 (2) – Corrected

In the original rule amendment, “institution type”, was listed as public community colleges, public state colleges, and public technical colleges. This has been corrected and is represented in **bold** below.

22.254. Definitions.

(2) Average statewide amount of tuition and required fees— in determining the maximum award amount, the average amount of tuition and required fees by institution type (public **junior** ~~community~~ colleges, public state colleges, and public technical **institutes** ~~colleges~~) for a resident student enrolled full-time in an associate degree or certificate program, as reported in the most recent Integrated Federal Reporting System report.

CHAPTER 22. STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER M. TEXAS EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Section

- 22.253. Authority and Purpose.
- 22.254. Definitions.
- 22.255. Institutions.
- 22.256. Eligible Students.
- 22.257. Hardship Provisions. ~~[for Students Awarded Grants on or After September 1, 2005.]~~
- 22.258. Priorities in Funding.
- 22.259. Priority in Awards to Students.
- 22.260. Award Amounts and Adjustments.
- 22.261. Late Disbursements.
- 22.262. Allocation and Reallocation of Funds.
- 22.263. Dissemination of Information and Rules.

- 22.253. No Change.

- 22.254. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

- (1) Attempted Hours--Every course in every semester for which a student has been registered as of the official Census Date, including but not limited to, repeated courses and courses the student drops and from which the student withdraws. Transfer hours and hours for optional internship and cooperative education courses are also included if they are accepted by the receiving institution towards the student's current program of study.
- (2) Average statewide amount of tuition and required fees— in determining the maximum award amount, the average amount of tuition and required fees by institution type (public junior colleges, public state colleges, and public technical institutes) for a resident student enrolled full-time in an associate degree or certificate program, as reported in the most recent Integrated Federal Reporting System report.
- (3) ~~(2)~~ Awarded--Offered to a student.
- (4) ~~(3)~~ Board--The Texas Higher Education Coordinating Board.
- (5) ~~(4)~~ Commissioner--The Commissioner of Higher Education, the Chief Executive Officer of the Board.
- (6) ~~(5)~~ Cost of attendance--An estimate of the expenses incurred by a typical financial aid student in attending a particular college. It includes direct

educational costs (tuition, fees, books, and supplies) as well as indirect costs (room and board, transportation, and personal expenses).

(7) [~~(6)~~] Encumbered funds--Program funds that have been offered to a specific student, which offer the student has accepted, and which may or may not have been disbursed to the student.

(8) [~~(7)~~] Enrolled on at least a half-time basis--Enrolled for the equivalent of six semester credit hours in a regular semester.

(9) [~~(8)~~] Entering student--A student enrolled in the first 30 semester credit hours or their equivalent, excluding hours taken during dual enrollment in high school and courses for which the student received credit through examination.

(10) [~~(9)~~] Expected family contribution--The amount of discretionary income that should be available to a student from his or her resources and that of his or her family, as determined following the federal methodology.

(11) [~~(10)~~] Financial need--The cost of attendance at a particular public or private institution of higher education less the expected family contribution. The cost of attendance and family contribution are to be determined in accordance with Board guidelines. Federal and state veterans' educational and special combat pay benefits are not to be considered in determining a student's financial need.

(12) [~~(11)~~] Initial year award--The grant award made in the student's first year in the Texas Educational Opportunity Grant Program, typically made up of a fall and spring disbursement.

(13) [~~(12)~~] Institution--A public junior college as defined in Texas Education Code, §61.003(2); a public technical **institute** [~~institution~~] as defined in Texas Education Code, §61.003(7); and a public state college as defined in Texas Education Code, §61.003(16).

(14) [~~(13)~~] Period of enrollment--The term or terms within the current state fiscal year (September 1-August 31) for which the student was enrolled in an approved institution and met all the eligibility requirements for an award through this program.

(15) [~~(14)~~] Program--The Texas Educational Opportunity Grant Program.

(16) [~~(15)~~] Program Officer--The individual named by each participating institution's chief executive officer to serve as agent for the Board. The Program Officer has primary responsibility for all ministerial acts required by the program, including maintenance of all records and preparation and submission of reports reflecting program transactions. Unless otherwise indicated by the administration, the director of student financial aid shall serve as Program

Officer.

(17) ~~[(16)]~~ Resident of Texas--A resident of the State of Texas as determined in accordance with Chapter 21, Subchapter B of this title (relating to Determination of Resident Status). Nonresident students who are eligible to pay resident tuition rates are not residents of Texas.

(18) ~~[(17)]~~ State-wide total cost of attendance--For allocation purposes, the aggregate sum of costs of attendance reported by participating eligible institutions in the most recent Financial Aid Database Report for each first-time-in-college student who meets the eligibility requirements listed in §22.262(b)(1) of this title.

22.255. No Change.

22.256. Eligible Students.

(a) – (b) No Change.

(c) Discontinuation of Eligibility or Non-Eligibility.

(1) A student may not receive a Texas Educational Opportunity Grant for more than 75 semester credit hours or its equivalent. Beginning with awards for the 2015-2016 academic year, a student's eligibility for a Texas Educational Opportunity Grant ends once he or she has attempted 75 semester credit hours or the equivalent unless the student is granted a hardship extension in accordance with §22.257~~[22.234]~~(b) of this chapter.

(2) – (3) No Change.

(4) Unless granted a hardship extension in accordance with §22.257 of this title (relating to Hardship Provisions ~~[for Students Awarded Grants On or After September 1, 2005]~~), if a person fails to meet any of the requirements for receiving a continuation award as outlined in subsection (b) of this section after completion of any year, the person may not receive a Texas Educational Opportunity Grant award until he or she completes courses while not receiving a Texas Educational Opportunity Grant and meets all the requirements of subsection (b) of this section as of the end of that period of enrollment.

22.257. Hardship Provisions. ~~[for Students Awarded Grants on or After September 1, 2005]~~

(a) In the event of a hardship or for other good cause, the Program Officer at an eligible institution may allow an otherwise eligible person who is awarded a grant ~~[on or after September 1, 2005]~~ to receive a Texas Educational Opportunity Grant while enrolled for an equivalent of less than one-half time or if the student's grade point average or completion rate falls below the satisfactory academic progress requirements of §22.256(b)(8)~~[(7)]~~ of this title (relating to Eligible Students). Such conditions are not

limited to, but include:

(b) - (c) No Change.

22.258.- 22.259. No Change.

22.260. Award Amounts and Adjustments.

(a) No Change.

(b) Award Amounts.

(1) The amount of a Texas Educational Opportunity Grant award may not be reduced by any gift aid for which the person receiving the grant is eligible, unless the total amount of a person's grant plus any gift aid received exceeds the student's cost of attendance. However, no student's award shall be greater than the amount of the student's financial need.

(2) The Board shall determine and announce the maximum amount of a Texas Educational Opportunity Grant award in a given state fiscal year by January 31 of the prior fiscal year. The calculation of the maximum amount will be based on the average statewide amount of tuition and required fees at eligible institutions that a resident student enrolled full-time in an associate degree or certificate program would be charged for that semester or term ~~mandates contained in~~ (Texas Education Code, §56.407). ~~[To ensure the program has sufficient funds to make awards to all eligible returning recipients, institutions may not decrease award amounts per student in order to provide grants to a larger number of applicants.]~~ If an otherwise eligible student, due to hardship, enrolls for less than a half-time course load, his or her award is to be prorated. The amount he or she can be awarded is equal to the semester's maximum award for the relevant type of institution, divided by 12 hours and multiplied by the actual number of hours for which the student is enrolled.

(3) - (4)

(c) - (d) No Changes.

(e) Prorated Awards in Case of Low Balance of Eligible Hours or Attempted Hours. If the student's balance of eligible hours or attempted hours is less than the number of hours he or she is taking in a given term or semester, the student's award amount for that term or semester should be prorated ~~[Beginning no later than Fiscal Year 2012, prorated amounts shall be calculated]~~ using the following schedule:

(1) If balance of hours equals 12 or more hours--100% of the maximum award;

(2) If balance of hours equals 9-11 hours--75% of the maximum award;

(3) If balance of hours equals 6-8 hours--50% of the maximum award; and

(4) If balance of hours equals fewer than 6 hours--25% of the maximum award.

~~{(f) Prorated Awards in Case of Low Balance of Eligible Attempted Hours, beginning with the 2015-2016 Academic Year. If the student's balance of eligible attempted hours is less than the number of hours he or she is taking in a given term or semester, the student's award amount for that term or semester should be prorated the following schedule:~~

~~(1) If balance of attempted hours equals 12 or more hours--100% of the maximum award;~~

~~(2) If balance of attempted hours equals 9-11 hours--75% of the maximum award;~~

~~(3) If balance of attempted hours equals 6-8 hours--50% of the maximum award; and~~

~~(4) If balance of attempted hours equals fewer than 6 hours--25% of the maximum award.]~~

22.261. No Change.

22.262. Allocation and Reallocation of Funds.

~~{(a) Allocations for Fiscal Year 2015:~~

~~(1) Initial Year Funds. Available program funds for initial year awards will be allocated to each participating institution in proportion to each institution's share of the state's undergraduate financial aid population with significant amounts of financial need:~~

~~(2) Renewal Year Funds. Available program funds for continuation or renewal awards will be allocated in proportion to the number of prior year recipients reported for each institution, adjusted for the institution's student retention rate.]~~

(a) ~~{(b)}~~ Allocations for public junior colleges for Fiscal Year 2016 and Later. Allocations are to be determined on an annual basis as follows:

(1) The allocation base for each eligible institution will be the number

of students it reported in the most recent Financial Aid Database Report who met the following criteria:

(A) - (D) No Change.

(2) Each institution's percent of the available funds will equal its percent of the state-wide need as determined by multiplying each institution's enrollments by the respective award maximums of students who meet the criteria in subsection (a) [(b)] (1) of this section.

~~[(3) No institution's annual allocation will be reduced by more than 15 percent of the prior year's annual allocation not including any reallocations that occurred in that prior year. This provision will apply to FY2016 and FY2017 allocations after which it will expire.]~~

(b) [(e)] Allocations for public technical colleges and public state colleges for Fiscal Year 2016 and Later. Allocations are to be determined on an annual basis as follows:

(1) The allocation base for each eligible institution will be the number of students it reported in the most recent Financial Aid Database Report who met the following criteria:

(A) were classified as Texas residents,

(B) were enrolled as undergraduates half-time, three-quarter time or full-time,

(C) completed either the FAFSA or the TASFA, and

(D) have a 9-month Expected Family Contribution less than or equal to the Federal Pell Grant eligibility cap for the year reported in the Financial Aid Database Report.

(2) Each institution's percent of the available funds will equal its percent of the state-wide need as determined by multiplying each institution's enrollments by the respective award maximums of students who meet the criteria in subsection (b)(1) of this section.

(c) [(d)] Verification of Data for Fiscal Year 2016 and Later. Allocation calculations will be shared with all participating institutions for comment and verification prior to final posting and the institutions will be given 10 working days, beginning the day of the notice's distribution and excluding State holidays, to confirm that the allocation report accurately reflects the data they submitted or to advise Board staff of any inaccuracies.

(d) [(e)] Reallocations. Institutions will have until the close of business on February 20 or the first working day thereafter if it falls on a weekend or a holiday to encumber the program funds that have been allocated to them. On that date,

institutions lose claim to any unencumbered funds, and the unencumbered funds are available to the Board for reallocation to other institutions. For the institutions that request additional funds, reallocations for amounts up to the amount requested per institution will be calculated on the same basis as was used for the allocation for the relevant fiscal year. If necessary for ensuring the full use of funds, subsequent reallocations may be scheduled until all funds are awarded and disbursed.

(e)~~(f)~~ Disbursement of Funds to Institutions. As requested by institutions throughout the fall and spring terms, the Board shall forward to each participating institution a portion of its allocation of funds for immediate release to students or immediate application to student accounts at the institution.

(f)~~(g)~~ Authority to Transfer Funds. Institutions participating in a combination of the Texas Educational Opportunity Grant and Texas College Work-Study Programs, in accordance with instructions from the Board, may transfer in a given fiscal year up to the lesser of 10 percent or \$20,000 between these programs. This threshold is applied to the program from which the funds are being transferred.

22.263. No Change.